

Revised
ARIZONA CORPORATION COMMISSION
SPECIAL OPEN MEETING MINUTES

DATE: February 15, 2001

TIME: 12:30 p.m.

PLACE: Arizona Corporation Commission, Pipeline Safety Conference Room, 1200 W. Washington, Phoenix, Arizona 85007

ATTENDANCE: No Quorum of Commissioners. Attendance list is attached.

TOPIC: ENVIRONMENTAL PORTFOLIO STANDARD (EPS) WORKSHOP

MATTERS DISCUSSED:

Ray Williamson of Commission Staff called the meeting to order. Mr. Williamson explained that this was the first meeting of a working group on portfolio standards and operating procedures. All participants introduced themselves.

The group discussed an Outline of Portfolio Standards and Operating Procedures. The list of technologies that need standards are: solar water heating, solar air conditioning, photovoltaics, solar trough systems, dish stirling systems, central receivers, wind systems, biomass systems, and landfill gas systems. The group added hybrid systems and metering. The technologies with the highest priority are solar ~~air conditioning~~ water heating, photovoltaics, and solar trough systems. The other technologies will be addressed later. A functional approach to standards was also discussed. IEEE 929 is now available. In addition, utilities have interconnection standards specific to smaller units.

The following operating procedures were discussed: Portfolio Surcharge, Portfolio Percentage, Environmental Portfolio Cost Evaluation Working Group, Extra Credit Multipliers, Reports, Deficiency Payments, Systems on Customer Premises, Banking and Sale of Portfolio kWh, Annual Calculation of Portfolio Requirements, Partial Credit for Investment in Solar Electric Manufacturing Plant, Development of Standards, Solar Water Heating and Solar Air Conditioning Systems, and Environmentally Friendly Renewable Electricity Technologies. "Other" was added to the list.

A question was asked about how the EPS will work administratively. Staff responded that the Commission will not be micro-managing; the utilities can develop their own programs. If a rate is involved, the Commission will have to pre-approve the program. The Commission will not set the value of tradable credits. In addition, the Commission does not generally set wholesale rates; it is usually the responsibility of FERC. The Commission's authority is over retail rates.

The group identified and brainstormed the following issues:

1. *Can a utility program qualify for a Distributed Solar Electric Generator and Solar Incentive Program Extra Credit Multiplier under R14-2-1618.C? Mr. Williamson will look into the definition of "distributed."*
2. *In regard to R14-2-1618.F and H, what happens if a customer switches from one load-serving entity to another?*
3. *What is the definition of "affiliate" as used in R14-2-1618.J?*
4. *Under R14-2-1618.J, what does the term "significant" mean in regard to percent of ownership in a plant?*
5. *Size of a "power plant"*
6. *Green credits, their ownership and trading*
7. *Metering for remote solar electric systems*
8. *Who owns the credits when the resources are installed in other service areas? The group agreed that green credits would be owned by the owner of the renewable resource unless it is subsidized or financed by the load-serving entity.*
9. *Interconnection*
10. *Credit metering versus net metering/billing*
11. *Net metering versus net billing*
12. *In-state content description*
13. *Green credits for out-of-state solar*
14. *How is the surcharge applied to security lighting which is in addition to metered service at a location? Calculate the surcharge for the metered service and add to it the surcharge for the lighting service (kWh can be estimated).*
15. *Are large accounts with multiple meters or streetlights billed on a single account basis subject to the caps or is the surcharge applied to each individual meter or light inside the account? The surcharge is per kWh; the cap is not automatically applied to each light.*

16. *What are the specific types of costs that the revenues to be derived from the newly approved Environmental Surcharge are intended to cover?*
The group decided to form a subcommittee on Accounting and Tax-related Issues, with Carl Dabelstein chairing the subcommittee. The subcommittee will provide a report to be distributed with the minutes. Anyone wanting to join the subcommittee can contact Mr. Dabelstein at cdabelst@czn.com.
17. *Is the surcharge taxable?* The surcharge is subject to sales tax because the money goes to the load-serving entity, not a governmental entity, and because the money is not for a service.
18. *Is there a need for language in R14-2-1618.A to reflect the fact that acquisition of generation of solar or environmentally friendly sources constitutes earned renewable energy credits?*
19. *In 2001 and 2002, could system benefit charge money be used to invest in eligible generation systems?*
20. *In R14-2-1818.L, should it be stated that the owner of solar water heating and air conditioning systems can sell credits to load-serving entities with a stipulated formula?*
21. *Nevada Portfolio Standard allows a separation of credits from energy.*
22. *There is a lack of assurance of surcharge after 2004.*
23. *For how long can credits be banked?*
24. *Wording of line item on bill*
25. *Product certification*
It was suggested that we use Arizona facilities, use third party certification, and keep it simple.
26. *Can federal agencies install solar facilities and earn credits?*
27. *How will Electric Service Providers get surcharge money from Utility Distribution Companies?*
28. *How should the treatment of the credits be handled?* The Accounting Subcommittee will address this issue.

The next meeting of the working group will be held on March 15 at 12:30 p.m.

Barbara Keene, Utilities Division

Participants at Environmental Portfolio Standard Workshop
February 15, 2001

Name	Organization
Bud Annan	Arizona Clean Energy Industries Alliance
David Berry	Navigant Consulting
Steve Chalmers	PowerMark
David Couture	Tucson Electric Power
Carl Dabelstein	Citizens Utilities
Donald R. Garrett	Danneypat Solar
Lane S. Garrett	ETA Engineering, Inc.
Barbara Gerhart	Moyes Storey
Rick Gilliam	Land and Water Fund of the Rockies
Tom Hansen	Tucson Electric Power
Dennis Hughes	Navopache Electric Cooperative
Barbara Keene	Commission Staff
Phil Key	First Solar
John Kirby	Salt River Project
Cassius McChesney	Pinnacle West
Tim McDonald	Pinnacle West
Paul Michaud	York Research Corp.
Michael Neary	ARISEIA
John Peterson	Sulphur Springs Valley Electric Cooperative
Art Rivera	Renewable Teck
Brian Townsend	RUCO
John Wallace	Grand Canyon State Electric Cooperative Assoc.
Ray Williamson	Commission Staff